

**2014 -- H 7715 SUBSTITUTE A**

=====  
LC004513/SUB A  
=====

**STATE OF RHODE ISLAND**

**IN GENERAL ASSEMBLY**

**JANUARY SESSION, A.D. 2014**

—————  
A N A C T

RELATING TO INSURANCE - THE STANDARD NONFORFEITURE LAW FOR LIFE  
INSURANCE

Introduced By: Representatives Marshall, O'Brien, and Almeida

Date Introduced: February 27, 2014

Referred To: House Corporations

(Business Regulation)

It is enacted by the General Assembly as follows:

1           SECTION 1. Section 27-4.3-5 of the General Laws in Chapter 27-4.3 entitled “The  
2 Standard Nonforfeiture Law for Life Insurance” is hereby amended to read as follows:

3           **27-4.3-5. Calculations of adjusted premiums by the nonforfeiture net level premium**

4 **method.** -- (a) This section shall apply to all policies issued on or after January 1, 1994. Except  
5 as provided in subsection (g) of this section, the adjusted premiums for any policy shall be  
6 calculated on an annual basis and shall be such a uniform percentage of the respective premiums  
7 specified in the policy for each policy year, excluding amounts payable as extra premiums to  
8 cover impairments or special hazards, and also excluding any uniform annual contract charge or  
9 policy fee specified in the policy in a statement of the method to be used in calculating the cash  
10 surrender values and paid-up nonforfeiture benefits, that the present value, at the date of issue of  
11 the policy, of all adjusted premiums shall be equal to the sum of: (1) the then-present value of the  
12 future-guaranteed benefits provided for by the policy; (2) one percent (1%) of either the amount  
13 of insurance, if the insurance be uniform in amount, or the average amount of insurance at the  
14 beginning of each of the first ten (10) policy years; and (3) one hundred twenty-five percent  
15 (125%) of the nonforfeiture net-level premium as defined in subsection (b); provided, however,  
16 that in applying the percentage specified in subdivision (a)(3), no nonforfeiture net-level premium  
17 shall be deemed to exceed four percent (4%) of either the amount of insurance, if the insurance  
18 be uniform in amount, or the average amount of insurance at the beginning of each of the first ten

1 (10) policy years. The date of issue of a policy for the purpose of this section shall be the date as  
2 of which the rated age of the insured is determined.

3 (b) The nonforfeiture net-level premium shall be equal to the present value, at the date of  
4 issue of the policy, of the guaranteed benefits provided for by the policy divided by the present  
5 value, at the date of issue of the policy, of an annuity of one per annum payable on the date of  
6 issue of the policy and on each anniversary of the policy on which a premium falls due.

7 (c) In the case of policies ~~which~~ that cause, on a basis guaranteed in the policy,  
8 unscheduled changes in benefits or premiums, or ~~which~~ that provide an option for changes in  
9 benefits or premiums, other than a change to a new policy, the adjusted premiums and present  
10 values shall initially be calculated on the assumption that future benefits and premiums do  
11 not change from those stipulated at the date of issue of the policy. At the time of any change in  
12 the benefits or premiums, the future-adjusted premiums, nonforfeiture net-level premiums, and  
13 present values shall be recalculated on the assumption that future benefits and premiums do not  
14 change from those stipulated by the policy immediately after the change.

15 (d) Except as otherwise provided in subsection (g), the recalculated future-adjusted  
16 premiums for any policy shall be a uniform percentage of the future premiums specified in the  
17 policy for each policy year, excluding amounts payable as extra premiums to cover impairments  
18 and special hazards, and also excluding any uniform annual contract charge or policy fee  
19 specified in the policy in a statement of the method to be used in calculating the cash surrender  
20 values and paid up nonforfeiture benefits, so that the present value, at the time of change to the  
21 newly defined benefits or premiums, of all future-adjusted premiums shall be equal to the excess  
22 of: (1) the sum of: (i) the then-present value of the then-future-guaranteed benefits provided for  
23 by the policy and (ii) the additional expense allowance, if any, over (2) the then-cash-surrender  
24 value, if any, or present value of any paid up nonforfeiture benefit under this policy.

25 (e) The additional expense allowance, at the time of the change to the newly defined  
26 benefits or premiums, shall be the sum of: (1) one percent (1%) of the excess, if positive, of the  
27 average amount of insurance at the beginning of each of the first ten (10) policy years subsequent  
28 to the change over the average amount of insurance prior to the change at the beginning of each  
29 of the first ten (10) policy years subsequent to the time of the most recent previous change, or, if  
30 there has been no previous change, the date of issue of the policy; and (2) one hundred twenty-  
31 five percent (125%) of the increase, if positive, in the nonforfeiture net-level premium.

32 (f) The recalculated nonforfeiture net-level premium shall be equal to the result obtained  
33 by dividing subdivision (f)(1) by subdivision (f)(2) where:

34 (1) Equals the sum of:

1 (i) The nonforfeiture net-level premium applicable prior to the change multiplied by the  
2 present value of an annuity of one per annum payable on each anniversary of the policy on or  
3 subsequent to the date of the change on which a premium would have fallen due had the change  
4 not occurred, and

5 (ii) The present value of the increase in future-guaranteed benefits provided for by the  
6 policy; and

7 (2) Equals the present value of an annuity of one per annum payable on each anniversary  
8 of the policy on or subsequent to the date of change on which a premium falls due.

9 (g) Notwithstanding any other provisions of this section to the contrary, in the case of a  
10 policy issued on a substandard basis ~~which~~ that provides reduced graded amounts of insurance so  
11 that, in each policy year, the policy has the same tabular mortality cost as a similar policy issued  
12 on the standard basis ~~which~~ that provides for a higher uniform amount of insurance, adjusted  
13 premiums and present values for the substandard policy may be calculated as if it were issued to  
14 provide higher uniform amounts of insurance on the standard basis.

15 (h) All adjusted premiums and present values referred to in this chapter shall for all  
16 policies of ordinary insurance be calculated on the basis of the ~~e~~Commissioners 1980 ~~s~~Standard  
17 ~~e~~Ordinary ~~m~~Mortality ~~t~~Table or, at the election of the company for any one or more  
18 specified plans of life insurance, the ~~e~~Commissioners 1980 ~~s~~Standard ~~e~~Ordinary ~~m~~Mortality  
19 ~~t~~Table with ten-~~(10)~~ year (10) select mortality factors; adjusted premiums and present values shall  
20 for all policies of industrial insurance be calculated on the basis of the ~~e~~Commissioners 1961  
21 ~~s~~Standard ~~i~~Industrial ~~m~~Mortality ~~t~~Table; for all policies issued in a particular calendar year be  
22 calculated on the basis of a rate of interest not exceeding the nonforfeiture interest rate as defined  
23 in this section, for policies issued in that calendar year;

24 Provided, however that:

25 (1) At the option of the insurance company, calculations for all policies issued in a  
26 particular calendar year may be made on the basis of a rate of interest not exceeding the  
27 nonforfeiture interest rate, as defined in this section, for policies issued in the immediately  
28 preceding calendar year;

29 (2) Under any paid-up nonforfeiture benefit, including any paid-up dividend additions,  
30 any cash surrender value available, whether or not required by § 27-4.3-2, shall be calculated on  
31 the basis of the mortality table and rate of interest used in determining the amount of any paid-up  
32 nonforfeiture benefit and paid-up dividend additions, if any;

33 (3) An insurance company may calculate the amount of any guaranteed paid-up  
34 nonforfeiture benefit including any paid-up additions under the policy on the basis of an interest

1 rate no lower than that specified in the policy for calculating cash surrender values;

2 (4) In calculating the present value of any paid-up term insurance with accompanying  
3 pure endowment, if any, offered as a nonforfeiture benefit, the rates of mortality assumed may be  
4 not more than those shown in the ~~e~~Commissioners 1980 ~~e~~Extended ~~t~~Term ~~i~~Insurance ~~t~~Table for  
5 policies of ordinary insurance and not more than the ~~e~~Commissioners 1961 ~~i~~Industrial ~~e~~Extended  
6 ~~t~~Term ~~i~~Insurance ~~t~~Table for policies of industrial insurance;

7 (5) For insurance issued on a substandard basis, the calculation of any adjusted  
8 premiums and present values may be based on appropriate modifications of the tables mentioned  
9 in this subsection;

10 (6)(i) For policies issued prior to the operative date of the valuation manual, any  
11 ~~commissioners'-standard~~ Commissioners Standard ~~e~~Ordinary ~~m~~Mortality ~~t~~Tables, adopted after  
12 1980 by the National Association of Insurance Commissioners, that are approved by regulation  
13 promulgated by the commissioner of insurance for use in determining the minimum nonforfeiture  
14 standard, may be substituted for the ~~e~~Commissioners 1980 ~~s~~Standard ~~e~~Ordinary ~~m~~Mortality  
15 ~~t~~Table with or without ten-~~(10)~~ year (10) select mortality factors or for the ~~e~~Commissioners 1980  
16 ~~e~~Extended ~~t~~Term ~~i~~Insurance ~~t~~Table.

17 (ii) For policies issued on or after the operative date of the valuation manual the valuation  
18 manual shall provide the ~~commissioners'-standard~~ Commissioners Standard ~~m~~Mortality ~~t~~Table for  
19 use in determining the minimum nonforfeiture standard that may be substituted for the  
20 ~~e~~Commissioners 1980 Standard Ordinary Mortality Table with or without ten-~~(10)~~ year (10)  
21 Select Mortality Factors or for the Commissioners 1980 Extended-~~t~~Term Insurance Table. If the  
22 commissioner approves by regulation any ~~commissioners'-standard~~ Commissioners Standard  
23 ~~e~~Ordinary ~~m~~Mortality ~~t~~Table adopted by the NAIC for use in determining the minimum  
24 nonforfeiture standard for policies issued on or after the operative date of the valuation manual  
25 then that minimum nonforfeiture standard supersedes the minimum nonforfeiture standard  
26 provided by the valuation manual.

27 (7)(i) For policies issued prior to the operative date of the valuation manual, any  
28 ~~commissioners'-standard~~ Commissioners Standard ~~i~~Industrial ~~m~~Mortality ~~t~~Tables, adopted after  
29 1980 by the National Association of Insurance Commissioners, that are approved by regulation  
30 promulgated by the commissioner of insurance for use in determining the minimum nonforfeiture  
31 standard, may be substituted for the ~~e~~Commissioners 1961 ~~s~~Standard ~~i~~Industrial ~~m~~Mortality  
32 ~~t~~Table or the ~~e~~Commissioners 1961 ~~i~~Industrial ~~e~~Extended ~~t~~Term ~~i~~Insurance ~~t~~Table.

33 (ii) For policies issued on or after the operative date of the valuation manual the valuation  
34 manual shall provide the ~~commissioners'-standard~~ Commissioners Standard ~~m~~Mortality ~~t~~Table for

1 use in determining the minimum nonforfeiture standard that may be substituted for the  
2 Commissioners 1961 Standard Industrial Mortality Table or the Commissioners 1961 Industrial  
3 Extended-Term Insurance Table. If the commissioner approves by regulation any ~~commissioners'~~  
4 ~~standard~~ Commissioners Standard Industrial Mortality Table adopted by the NAIC for use in  
5 determining the minimum nonforfeiture standard for policies issued on or after the operative  
6 date of the valuation manual ~~than~~ then that minimum nonforfeiture standard supersedes the  
7 minimum nonforfeiture standard provided by the valuation manual.

8 (i) The nonforfeiture interest rate is defined below:

9 (A) For policies issued prior to the operative date of the valuation manual, the  
10 nonforfeiture interest rate per annum for any policy issued in a particular calendar year shall be  
11 equal to one hundred and twenty-five percent (125%) of the calendar year statutory valuation  
12 interest rate for the policy as defined in chapter 4.5 of this title, rounded to the nearer one-quarter  
13 of one percent (.25%); provided, however, that the nonforfeiture interest rate shall not be less than  
14 four percent (4.0%).

15 (B) For policies issued on and after the operative date of the valuation manual the  
16 nonforfeiture interest rate per annum for any policy issued in a particular calendar year shall be  
17 provided by the valuation manual.

18 (j) Notwithstanding any other provision in this title to the contrary, any re-filing of  
19 nonforfeiture values or their methods of computation for any previously approved policy form  
20 ~~which~~ that involves only a change in the interest rate or mortality table used to compute  
21 nonforfeiture values shall not require re-filing of any other provisions of that policy form.

22 SECTION 2. Sections 27-4.5-1, 27-4.5-13 and 27-4.5-16 of the General Laws in Chapter  
23 27-4.3 entitled "The Standard Valuation Law" is hereby amended to read as follows:

24 **27-4.5-1. Short title and Definitions.** -- (a) This chapter shall be known as the  
25 "Standard Valuation Law."

26 (b) For the purpose of this chapter, the following definitions shall apply on or after the  
27 operative date of the valuation manual:

28 (1) "Accident and health insurance" means contracts that incorporate morbidity risk and  
29 provide protection against economic loss resulting from accident, sickness, or medical conditions  
30 and as may be specified in the valuation manual.

31 (2) "Appointed actuary" means a qualified actuary who is appointed in accordance with  
32 the valuation manual to prepare the actuarial opinion required in § 27-4.5-3(a)(b).

33 (3) "Commissioner of insurance" means the director of the department of business  
34 regulation, or his or her designee.

1 (4) "Company" means an entity, ~~which~~ that: (i) Has written, issued, or reinsured life  
2 insurance contracts, accident and health insurance contracts, or deposit-type contracts in this state  
3 and has at least one such policy in force or one claim; or (ii) Has written, issued, or reinsured ~~+~~  
4 life insurance contracts, accident and health insurance contracts, or deposit-type contracts in any  
5 state and is required to hold a certificate of authority to write life insurance, accident and health  
6 insurance, or deposit-type contracts in this state.

7 (5) "Deposit-type contract" means contracts that do not incorporate mortality or  
8 morbidity risks and as may be specified in the valuation manual.

9 (6) "Life insurance" means contracts that incorporate mortality risk, including annuity  
10 and pure endowment contracts, and as may be specified in the valuation manual.

11 (7) "NAIC" means the National Association of Insurance Commissioners.

12 (8) "Policyholder behavior" means any action a policyholder, contract holder, or any  
13 other person with the right to elect options, such as a certificate holder, may take under a policy  
14 or contract subject to this chapter including, but not limited to, lapse, withdrawal, transfer,  
15 deposit, premium payment, loan, annuitization, or benefit elections prescribed by the policy or  
16 contract, but excluding events of mortality or morbidity that result in benefits prescribed in their  
17 essential aspects by the terms of the policy or contract.

18 (9) "Principle-based valuation" means a reserve valuation that uses one or more methods  
19 or one or more assumptions determined by the insurer and is required to comply with § 27-4.5-14  
20 as specified in the valuation manual.

21 (10) "Qualified actuary" means an individual who is qualified to sign the applicable  
22 statement of actuarial opinion in accordance with the American Academy of Actuaries  
23 qualification standards for actuaries signing such statements and who meets the requirements  
24 specified in the valuation manual.

25 (11) "Tail risk" means a risk that occurs either where the frequency of low probability  
26 events is higher than expected under a normal probability distribution or where there are observed  
27 events of very significant size or magnitude.

28 (12) "Valuation manual" means the manual of valuation instructions adopted by the  
29 NAIC as specified in this chapter or as subsequently amended.

30 **27-4.5-13. Valuation manual for policies issued on or after the operative date of the**  
31 **valuation manual.** -- (a) For policies issued on or after the operative date of the  
32 valuation manual, the standard prescribed in the valuation manual is the minimum standard of  
33 valuation required under § 27-4.5-2(b), except as provided under subsections (e) or (g) of this  
34 section.

1 (b) The operative date of the valuation manual is January 1 of the first calendar year  
2 following the first July 1 as of which all of the following have occurred:

3 (1) The valuation manual has been adopted by the NAIC by an affirmative vote of at least  
4 forty-two (42) members, or three-fourths (3/4) of the members voting, whichever is greater.

5 (2) The Standard Valuation Law, as amended by the NAIC in 2009, or legislation  
6 including substantially similar terms and provisions, has been enacted by states representing  
7 greater than seventy-five percent (75%) of the direct premiums written as reported in the  
8 following annual statements submitted for 2008: life, accident and health annual statements;  
9 health annual statements; or fraternal annual statements.

10 (3) The Standard Valuation Law, as amended by the NAIC in 2009, or legislation  
11 including substantially similar terms and provisions, has been enacted by at least forty-two (42)  
12 of the following fifty-five (55) jurisdictions: The fifty (50) States of the United States, American  
13 Samoa, the American Virgin Islands, the District of Columbia, Guam, and Puerto Rico.

14 (c) Unless a change in the valuation manual specifies a later effective date, changes to the  
15 valuation manual shall be effective on January 1 following the date when all of the following  
16 have occurred:

17 (1) The change to the valuation manual has been adopted by the NAIC by an affirmative  
18 vote representing:

19 (i) At least three-fourths (3/4) of the members of the NAIC voting, but not less than a  
20 majority of the total membership, and

21 (ii) Members of the NAIC representing jurisdictions totaling greater than seventy-five  
22 percent (75%) of the direct premiums written as reported in the following annual statements most  
23 recently available prior to the vote in subsection (c)(1)(i): life, accident and health annual  
24 statements; health annual statements; or fraternal annual statements.

25 (2) The valuation manual becomes effective pursuant to a regulation adopted by the  
26 commissioner.

27 (d) The valuation manual must specify all of the following:

28 (1) Minimum valuation standards for and definitions of the policies or contracts subject  
29 to ~~subsection~~ §27-4.5-2(b). Such minimum valuation standards shall be:

30 (i) The ~~commissioner's~~ Commissioners reserve valuation method for life insurance  
31 contracts, other than annuity contracts, subject to § 27-4.5-2(b);

32 (ii) The ~~commissioner's~~ Commissioners annuity reserve valuation method for annuity  
33 contracts subject to § 27-4.5- 2(b); and

34 (iii) Minimum reserves for all other policies or contracts subject to § 27-4.5- 2(b).



1 (2) Which policies or contracts or types of policies or contracts that are subject to the  
2 requirements of a principle-based valuation in § 27-4.5-14(a) and the minimum-valuation  
3 standards consistent with those requirements;

4 (3) For policies and contracts subject to a principle-based valuation under § 27-4.5- 14:

5 (i) Requirements for the format of reports to the commissioner under ~~subdivision~~ §27-  
6 4.5- 14(b)~~(2)~~(3) and which shall include information necessary to determine if the valuation is  
7 appropriate and in compliance with this chapter;

8 (ii) Assumptions shall be prescribed for risks over which the company does not have  
9 significant control or influence.

10 (iii) Procedures for corporate governance and oversight of the actuarial function, and a  
11 process for appropriate waiver or modification of such procedures.

12 (4) For policies not subject to a principle-based valuation under § 27-4.5-14, the  
13 minimum valuation standard shall either:

14 (i) Be consistent with the minimum standard of valuation prior to the operative date of  
15 the valuation manual; or

16 (ii) Develop reserves that quantify the benefits and guarantees, and the funding,  
17 associated with the contracts and their risks at a level of conservatism that reflects conditions that  
18 include unfavorable events that have a reasonable probability of occurring.

19 (5) Other requirements, including, but not limited to, those relating to reserve methods,  
20 models for measuring risk, generation of economic scenarios, assumptions, margins, use of  
21 company experience, risk measurement, disclosure, certifications, reports, actuarial opinions and  
22 memorandums, transition rules and internal controls; and

23 (6) The data and form of the data required under § 27-4.5-15, with ~~whom~~ which the data  
24 must be submitted, and may specify other requirements including data analyses and reporting of  
25 analyses.

26 (e) In the absence of a specific-valuation requirement or if a specific-valuation  
27 requirement in the valuation manual is not, in the opinion of the commissioner, in compliance  
28 with this chapter, then the company shall, with respect to such requirements, comply with  
29 minimum-valuation standards prescribed by the commissioner by regulation.

30 (f) The commissioner may engage a qualified actuary, at the expense of the company, to  
31 perform an actuarial examination of the company and opine on the appropriateness of any reserve  
32 assumption or method used by the company, or to review and opine on a company's compliance  
33 with any requirement set forth in this chapter. The commissioner may rely upon the opinion,  
34 regarding provisions contained within this chapter, of a qualified actuary engaged by the



1 commissioner of another state, district or territory of the United States. As used in this subsection,  
2 term "engage" includes employment and contracting.

3 (g) The commissioner may require a company to change any assumption or method that,  
4 in the opinion of the commissioner, is necessary in order to comply with the requirements of the  
5 valuation manual or this chapter; and the company shall adjust the reserves as required by the  
6 commissioner. The commissioner may take other disciplinary action as permitted pursuant to §  
7 42-14-16.

8 **27-4.5-16. Confidentiality.** -- (a) For purposes of this section, "confidential  
9 information" shall mean:

10 (1) A memorandum in support of an opinion submitted under § 27-4-3 and any other  
11 documents, materials, and other information, including, but not limited to, all working  
12 papers, and copies thereof, created, produced, or obtained by, or disclosed to, the  
13 commissioner or any other person in connection with such memorandum;

14 (2) All documents, materials, and other information, including, but not limited to, all  
15 working papers, and copies thereof, created, produced, or obtained by, or disclosed to, the  
16 commissioner or any other person in the course of an examination made under § 27-4.5-  
17 13(f); provided, however, that if an examination report or other material prepared in  
18 connection with an examination made under chapter ~~27-13.1~~ [of title 27](#) is not held as private  
19 and confidential information under chapter ~~27-13.1~~ [of title 27](#), an examination report or other  
20 material prepared in connection with an examination made under § 27-4.5-13(f) of this  
21 chapter shall not be "confidential information" to the same extent as if such examination  
22 report or other material had been prepared in accordance with chapter ~~27-13.1~~ [of title 27](#);

23 (3) Any reports, documents, materials and other information developed by a company  
24 in support of, or in connection with, an annual certification by the company under  
25 ~~subdivision~~ [§27- 4.5- 14\(b\)\(1\)\(2\)](#) of this chapter evaluating the effectiveness of the  
26 company's internal controls with respect to a principle-based valuation and any other  
27 documents, materials and other information, including, but not limited to, all working papers,  
28 and copies thereof, created, produced, or obtained by, or disclosed to, the commissioner or  
29 any other person in connection with such reports, documents, materials and other  
30 information;

31 (4) Any principle-based valuation report developed under ~~subdivision~~ [§27-4.5-](#)  
32 ~~14(b)(2)-(3)~~ and any other documents, materials, and other information, including, but not  
33 limited to, all working papers, and copies thereof, created, produced, or obtained by, or

1 disclosed to, the commissioner or any other person in connection with such report; and

2 (5) Any documents, materials, data, and other information submitted by a company  
3 under § 27-4.5- 15 (collectively, "experience data") and any other documents, materials, data,  
4 and other information, including, but not limited to, all working papers, and copies thereof,  
5 created or produced in connection with such experience data, in each case that include any  
6 potentially company-identifying or personally identifiable information, that is provided to, or  
7 obtained by, the commissioner (together with any "experience data", the "experience  
8 materials") and any other documents, materials, data, and other information, including, but  
9 not limited to, all working papers, and copies thereof, created, produced, or obtained by, or  
10 disclosed to, the commissioner or any other person in connection with such experience  
11 materials.

12 (b) Privilege for, and confidentiality of, confidential information.

13 (1) Except as provided in this § 27-4.5-16, a company's confidential information is  
14 confidential by law and privileged, and shall not be subject to chapter ~~38-2~~ of title 38, shall  
15 not be subject to subpoena and shall not be subject to discovery or admissible in evidence in  
16 any private civil action; provided, however, that the commissioner is authorized to use the  
17 confidential information in the furtherance of any regulatory or legal action brought against  
18 the company as a part of the commissioner's official duties.

19 (2) Neither the commissioner, nor any person who received confidential information  
20 while acting under the authority of the commissioner, shall be permitted or required to testify  
21 in any private civil action concerning any confidential information.

22 (3) In order to assist in the performance of the commissioner's duties, the  
23 commissioner may share confidential information:

24 (i) With other state, federal, and international regulatory agencies and with the NAIC  
25 and its affiliates and subsidiaries; and (ii) In the case of confidential information specified in  
26 ~~subdivisions~~ §§27-4.5-16(a)(1) and 27-4.5-16(a)(4) only, with the actuarial board for  
27 counseling and discipline or its successor upon request stating that the confidential  
28 information is required for the purpose of professional disciplinary proceedings and with  
29 state, federal, and international law enforcement officials; in the case of subsections (a) and  
30 (b), provided, that, such recipient agrees, and has the legal authority to agree, to maintain the  
31 confidentiality and privileged status of such documents, materials, data, and other  
32 information in the same manner, and to the same extent, as required for the commissioner.

33 (4) The commissioner may receive documents, materials, data, and other information,

1 including otherwise confidential and privileged documents, materials, data, or information,  
2 from the NAIC and its affiliates and subsidiaries, from regulatory or law enforcement  
3 officials of other foreign or domestic jurisdictions and from the actuarial board for counseling  
4 and discipline or its successor and shall maintain as confidential or privileged any document,  
5 material, data, or other information received with notice or the understanding that it is  
6 confidential or privileged under the laws of the jurisdiction that is the source of the  
7 document, material or other information.

8 (5) The commissioner may enter into agreements governing sharing and use of  
9 information consistent with § 27-4.5-16(b).

10 (6) No waiver of any applicable privilege or claim of confidentiality in the  
11 confidential information shall occur as a result of disclosure to the commissioner under this  
12 section or as a result of sharing as authorized in ~~subdivision~~ §27-4.5-16(b)(3).

13 (7) A privilege established under the law of any state or jurisdiction that is  
14 substantially similar to the privilege established under § 27-4.5-16(b) shall be available and  
15 enforced in any proceeding in, and in any court of, this state.

16 (8) In § 27-4.5-16 "regulatory agency," "law enforcement agency" and the "NAIC"  
17 include, but are not limited to, their employees, agents, consultants, and contractors.

18 (c) Notwithstanding § 27-4.5-16(b), any confidential information specified in  
19 ~~subdivisions~~ §§27-4.5-16(a)(1) and 27-4.5-14(a)(4):

20 (1) May be subject to subpoena for the purpose of defending an action seeking  
21 damages from the appointed actuary submitting the related memorandum in support of an  
22 opinion submitted under § 27-4.5-3 or principle-based valuation report developed under  
23 ~~subdivision~~ §27-4.5-14(b)(3) by reason of an action required by this chapter or by regulations  
24 promulgated hereunder;

25 (2) May otherwise be released by the commissioner with the written consent of the  
26 company; and

27 (3) Once any portion of a memorandum in support of an opinion submitted under §  
28 27-4.5-3 or a principle-based valuation report developed under ~~subdivision~~ §27-4.5-14(b)(3)  
29 is cited by the company in its marketing, or is publicly volunteered to or before a  
30 governmental agency other than a state insurance department, or is released by the company  
31 to the news media, all portions of such memorandum or report shall no longer be  
32 confidential.

33 SECTION 3. Section 42-14-18 of the General Laws in Chapter 42-14 entitled

1 “Department of Business Regulation” is hereby amended to read as follows:

2 **42-14-18. Form and rate filing fees.** – The following fees shall be charged for the  
3 services of the division of insurance in reviewing policy or certificate forms, as those terms  
4 are defined in § 27-29-2~~(f)~~(7), and related forms and rates that are required by law to be  
5 submitted by insurers, as that term is defined in § 27-29-2~~(e)~~(4), for review and approval by  
6 the director prior to use:

7 (1) For each policy or certificate form included in a single package, including any  
8 related forms, rates, and other documents submitted in the same package – forty dollars  
9 (\$40.00); and

10 (2) For related forms or revised rates in connection with a policy that has been  
11 previously approved, submitted in a single package, charged based upon the number of  
12 policies involved – twenty-five dollars (\$25.00).

13 (3) Fees shall be submitted with each filing and shall be deposited as general revenue.  
14 These fees shall be in addition to any taxes and fees otherwise payable to the state.

15 (4) Before any form approved pursuant to chapter ~~27-2.5~~ of title 27 may be used in  
16 the state of Rhode Island, the fees specified in this section must be paid.

17 SECTION 4. Section 27-20.7-14 of the General Laws in Chapter 27-20.7 entitled "Third  
18 Party Health Insurance Administrators" is hereby amended to read as follows:

19 **27-20.7-14. Annual report and filing fee.** -- (a) Each administrator shall file an annual  
20 report for the preceding calendar year with the commissioner on or before March 1 of each year,  
21 or within any extension of time for filing as the commissioner for good cause may grant. The  
22 report shall be in the form and contain any matters that the commissioner prescribes ~~and shall be~~  
23 ~~verified by at least two (2) officers of the administrator.~~

24 (b) The annual report shall include the complete names and addresses of all insurers with  
25 which the administrator had an agreement during the preceding fiscal year.

26 (c) At the time of filing its annual report, the administrator shall pay a filing fee as  
27 required by the commissioner.

28 SECTION 5. This act shall take effect upon passage.

=====  
LC004513/SUB A  
=====

EXPLANATION  
BY THE LEGISLATIVE COUNCIL  
OF

A N A C T

RELATING TO INSURANCE - THE STANDARD NONFORFEITURE LAW FOR LIFE  
INSURANCE

\*\*\*

1           This act would make technical changes to the standard valuation and standard  
2 nonforfeiture provisions of the general laws relating to insurance. This act would also eliminate  
3 the need for verification of an annual report of a third-party administrator by two (2) officers.

4           This act would take effect upon passage.

=====  
LC004513/SUB A  
=====